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REMARKS BY

THE HONOURABLE FLOYD LAUGHREN

MINISTER OF FINANCE
PROVINCE OF ONTARIO

ON THE

1993-94 EXPENDITURE CONTROL PLAN

TORONTO
APRIL 23, 1993

CHECK AGAINST DELIVERY

Ontario is facing a serious economic and financial problem. Escalating debt, driven by declining revenues, threatens to undermine our long-term ability to provide important public services and invest in jobs and people.

This government will not allow the growing debt to knock us off our plan to get Ontario back to work and preserve essential services for the people of Ontario.

We must be in a position to invest in Ontario's future, rather than borrowing from it.

We have pledged to deal with this problem through a package of measures that includes:

- maintaining investment in jobs
- reducing government operating spending;
- negotiating a social contract with the public sector; and
- increasing government revenues.

The four elements of this plan are connected. Investing in jobs is essential if we are to maintain our standard of living and restore the revenues the government needs to provide public services. But our growing debt means that interest costs are eating into the money we have available for jobs and services.

If we do not tackle the problem this year, it will simply get worse.

Today I am reporting on the second element -- reducing government operating spending -- an area in which we have made significant progress.

Disclosing the details of expenditure reductions is an unusual step. But our economic and financial situation means that we cannot carry on business as usual.

The Expenditure Control Plan I am releasing today cuts \$4 billion from our planned spending this year.

We said in March that we were looking at a deficit of almost \$17 billion. That figure already took into account \$1.5 billion in spending reductions for the current fiscal year.

We have now completed our Expenditure Control Plan for the 1993-94 fiscal year, and have identified an additional \$2.4 billion in spending control measures, bringing the total to almost \$4 billion.

We have made some very tough, but fair, decisions. Some programs have been cut and some services reduced. Every effort has been made to ensure that the burden is shared fairly. No ministry in the government has been exempt from this process.

Every effort has also been made to ensure that those who are most vulnerable in our society are protected as much as possible.

An estimated 9,000 to 11,000 jobs will be affected in the Ontario Public Service and the Broader Public Sector in the first year. We are sharing this information with our social contract partners today. Part of the challenge in our discussions with them will be how to mitigate the impact on workers and how to address the need for further spending reductions.

To achieve the \$4 billion total, we have identified a large number of expenditure control measures. We are releasing a description of these measures today.

No decision was taken lightly.

Cabinet and senior government officials met in an intensive three-day session last weekend to consider options for reducing expenditures. That meeting was the culmination of a much longer process that involved a comprehensive review of government programs and operations and that looked at a wide range of options.

The largest savings -- a total of \$720 million -- will come from the government's own operations. Many of the expenditure control measures involve administrative efficiencies. These include streamlining operations and delayering the bureaucracy. The integration of several ministries, announced by the Premier in February, will result in significant savings and improve the government's ability to provide effective service to the people of this province.

Some of the measures in the plan will affect the level of government transfer funding. We believe this is fair for two reasons: the size of the reductions required, and the need to ensure that no single group bears too great a burden.

It is important to recognize that although we have achieved a great deal with this Expenditure Control Plan, we are still wrestling with a significant deficit for 1993-94.

We have pledged to bring the deficit in under \$10 billion. That remains our commitment. So even after the \$2.4 billion reduction we identified this week, we still have work to do.

Further measures will be required through the social contract process and through revenue decisions to meet the deficit target, while cushioning the effect on jobs and services.


This is why we have a balanced package of measures. Everyone must contribute their fair share -- not just those who work in the public sector. The spending control measures and the other elements of our debt reduction package are essential parts of our long-term economic plan.

We must deal aggressively with the debt problem so that it does not overwhelm the economy and undermine the long-term viability of the public sector and of public services in Ontario.

Today, we have demonstrated our commitment to responsible debt management so that we can continue to invest in Ontario's economic future.

I believe that Ontarians understand when we say that these are extraordinary times that call for tough and determined action. We have taken that action today.

Thank you, I am open to questions.



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